

Message Text

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PAGE 01 KUWAIT 04562 151439Z
ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 EB-08 FRB-03 INR-10
NSAE-00 ICA-11 TRSE-00 XMB-02 OPIC-03 SP-02
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FM AMEMBASSY KUWAIT
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C O N F I D E N T I A L KUWAIT 4562

E.O. 11652: GDS
TAGS: ETRA, XF, KU
SUBJ: GOK MAY CONSIDER PROCEDURAL IMPROVEMENTS TO MEET US ANTI-BOYCOTT REQUIREMENTS

1. IN THE COURSE OF DELIVERING A LETTER FROM A PERSONAL FRIEND TO THE MINISTER FOR ADMINISTRATIVE AND LEGAL AFFAIRS SHAIKH SALMAN AL-DUAIJ AL-SABAH, I TOOK THE OPPORTUNITY TO REVIEW SOME OF THE PROBLEMS US FIRMS WERE ENCOUNTERING WITH KUWAIT ISRAEL-BOYCOTT PROCEDURES. I RECALLED THAT, DURING MY ABSENCE ON LEAVE, THE CHARGE AND THE EMBASSY ECONOMIC OFFICER HAD MET WITH HIM TO DISCUSS SOME OF THESE PROCEDURAL PROBLEMS.

2. SHAIKH SALMAN REMEMBERED THAT THEY HAD RAISED SOME PROBLEMS CONNECTED WITH THE BOYCOTT REQUIREMENTS CONTAINED IN APPLICATIONS FOR LETTER OF CREDIT. I OBSERVED THAT THIS SITUATION WAS INDEED SERIOUS AND WAS HAVING THE EFFECT OF DISCOURAGING SOME KUWAITI IMPORTERS FROM SEEKING TO PURCHASE AMERICAN PRODUCTS. BESIDES GENERALLY HARMING US-KUWAIT TRADE RELATIONS, THIS SITUATION WAS ALSO DISADVANTAGEOUS TO KUWAITIS WHO WERE LOSING THE OPRRTUNITY TO BUY AMERICAN QUALITY PRODUCTS AT LOWER COST BECAUSE OF RECENT DECLINE OF THE DOLLAR.

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PAGE 02 KUWAIT 04562 151439Z

3. I ALSO NOTED THAT, WHILE IN WASHINGTON ON CONSULTATION, I HAD COME ACROSS ANOTHER PROBLEM WHICH WAS DISCOURAGING-- ON THE OTHER SIDE--AMERICAN FIRMS FROM ENGAGING IN BUSINESS IN KUWAIT. I REFERRED PARTICULARLY TO THE CLAUSE CONTAINED IN KUWAITI TENDER DOCUMENTS WHICH WARNED OF LOSS OF BID AND AND OTHER PENALTIES IF THE TENDER CONDITIONS, INCLUDING THOSE RELATED TO THE BOYCOTT, WERE NOT FULFILLED. WHILE IT WAS

POSSIBLE FOR US FIRMS TO SUBMIT BIDS WITH A DISCLAIMER REGARDING ANY PROVISIONS WHICH MAY CONFLICT WITH US LAW, THEY WERE UNWILLING TO DO THIS IF THEY HAD TO RISK LOSING THEIR BID DEPOSIT.

4. SHAIKH SALMAN SAID THIS WAS SOMETHING NEW FOR HIM, BUT HE STATED THAT AN INTER-MINISTERIAL COMMITTEE WAS CURRENTLY CONSIDERING SUGGESTIONS CONTAINED IN A FOREIGN MINISTRY MEMORANDUM TO TRY TO SMOOTH THOSE PROCEDURES CONCERNING THE BOYCOTT WHICH WERE RAISING OBSTACLES TO US-KUWAIT TRADE. HE ANTICIPATED THAT THIS COMMITTEE WOULD SUBMIT ITS RECOMMENDATIONS TO THE COUNCIL OF MINISTERS IN ABOUT THREE WEEKS TIME, FOLLOWING WHICH A NORMAL DELAY COULD BE EXPECTED BEFORE ITS RECOMMENDATIONS WERE CONSIDERED BY THE COUNCIL. SHAIKH SALMAN EXPRESSED THE HOPE THAT THIS SITUATION COULD BE IMPROVED AND, IN RESPONSE TO MY REQUEST, SAID HE WOULD DO WHAT HE COULD TO MOVE IT FORWARD.
MAESTRONE

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Message Attributes

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